

4.5 Promissory Note Modifications

4.5.1 Eliminate the “Electronic” Promissory Note Manifest

1999-2000 Modification: A Level 1 or 2 school does NOT transmit an electronic Promissory Note Manifest (Message Class DEPM00IN/Batch A) to the LOC. However, a school continues to send a paper Promissory Note Manifest with the promissory notes shipped to the LOC. The LOC acknowledges all promissory notes using the appropriate message class and batch type.

Upon implementation, this modification affects only 1999-2000.

Currently, a school ships promissory notes to the LOC with a paper Promissory Note Manifest. In addition, an electronic Promissory Note Manifests is transmitted to the LOC. Promissory notes for Level 1 and 2 schools are acknowledged by the LOC using the electronic manifest.

Starting in 1999-2000, Level 1 (Option 2) and Level 2 (Option 1) schools do NOT transmit an electronic Promissory Note Manifest to the LOC. However, a paper Promissory Note Manifest must accompany a shipment of promissory notes mailed to the LOC.

The LOC acknowledges all processed promissory notes to the schools on a daily basis. The Message Class DIP000OP/Batch Type #A is used to acknowledge all promissory notes to Level 1 (Option 2) and Level 2 (Option 1) schools. There, no longer, is a delay in waiting for the corresponding electronic manifest to be transmitted to the LOC before a promissory note is acknowledged.

Promissory notes for Level 3 (Standard) schools continue to be acknowledged using Message Class DIP000OP/Batch Type #D for Subsidized and Unsubsidized Loans and PF for PLUS).

Business Rules

- Level 1(Option 2) and Level 2 (Option 1) schools continue to send a paper manifest with promissory notes when mailing to the LOC.
- Level 1(Option 2) and Level 2 (Option 1) schools no longer transmit electronic Promissory Note Manifests (Message Class DEPM00IN/Batch A) to the LOC.
- The LOC continues to acknowledge all promissory notes processed by the LOC daily.

- All promissory notes are acknowledged by the LOC using Message Class DIP000OP and the

appropriate Batch Type.

- Promissory notes for Level 1 (Option 2) and Level 2 (Option 1) schools are acknowledged using Batch Type #A and a Promissory Note Batch ID, generated by the LOC. This acknowledgment does not contain a Promissory Note Batch ID from a paper manifest.
- Subsidized and unsubsidized promissory notes for Standard Option schools are acknowledged using Batch Type #D.
- PLUS promissory notes for Standard Option schools are acknowledged using Batch Type PF.

4.5.2 Design the Master Promissory Note to Improve Accuracy of Optical Character Reader (OCR)

1999-2000 Modification: Design the Master Promissory Note to improve accuracy of optical character reading, and to improve printing alignment.

Upon implementation, this modification affects only 1999-2000.

The Master Promissory Note is designed to allow the maximum amount of white space around the required OCR fields.

In addition, the fields are positioned to allow for printing in data block formation. This printing block contains all the questions which must be pre-printed by a school. This large open box allows the schools to print the data label, as well as the data, and reduces printing alignment problems. The Master Promissory Note specifications are in the Custom System Requirement Section 3.

Business Rules:

- The 1999-2000 Master Promissory Note has a large blank print data block area to assist a school in handling printer alignment problems.
- A school prints all labels and data for each item printed by a school in this box.
- Master Promissory Note specifications are in the Custom System Requirement Section 3.
- Master Promissory Notes can be ordered from the LOC:
 - preprinted with data labels, OR
 - blank with the print data block

4.5.3 Implement Master Promissory Note Process

1999-2000 Modification: The Master Promissory Note (MPN) is to be used by ALL schools to process Direct Subsidized and Unsubsidized Loans. The MPN is NOT to be used to process PLUS loans, and the Loan Origination Center (LOC) continues to use the current PLUS loan processing. Upon implementation, this modification affects 1999-2000.

In 1999-2000, the Master Promissory Note (MPN) is the only approved promissory note for Direct designed to support up to two loans, one Subsidized loans and uUnsubsidized loans and one subsidized loan, for ~~the~~a student borrower at a specific school and replaces the current promissory note. ~~Also, in~~For 1999-2000, the MPN does NOT support Direct Subsidized and Unsubsidized Loans at multiple schools.

The statutory annual maximum loan amount is ~~printed on~~used by the LOC to process the MPN. This provides the school with the following operational benefits:

- In most cases, a~~The~~ school can increase the Loan Amount Approved for a loan without creating a new promissory note. For example, in cases where a borrower's eligibility increases due to a change in grade level or because a borrower does not originally choose to borrow up to the full amount approved by the school and later chooses to do so, additional funds may be disbursed without obtaining a new MPN.
- The school can ~~float~~change the distribution of the Loan Amount Approved between a borrower's subsidized and unsubsidized loan without obtaining a new signed MPN; such as when a student's eligibility for a subsidized loan changes.

1999-2000 is a transition year for the MPN and this process will be revisededing for 2000-2001.

Definitions

Before continuing with this section, it is important to understand the following definitions:

Master Promissory Note—a promissory note that can be used for one or more loans for one or more academic years, as authorized by the Department.

Multi-Year Functionality—Beginning with the 2000-2001 academic year, the MPN will serve as a multi-year promissory note for most students. For example, a student who enters a school as a freshman and borrows under the Direct Loan Program during four years of undergraduate study will be able to borrow under this one MPN all four years. A new promissory note will not be required for each academic year.

Statutory Annual Combined Maximum Loan Amount—the student borrower's maximum annual combined loan amount (for both subsidized and unsubsidized loans) based on the student's grade level, dependency status, and, if applicable, additional unsubsidized eligibility

for HEAL or for a dependent student whose parent is precluded from borrowing a PLUS loan. For example, the standard Statutory Annual Combined Maximum Loan Amount for a dependent freshman is \$2,625.

Loan Amount Approved—the maximum amount for which the borrower is eligible (for an individual subsidized or unsubsidized loan) based on the eligibility calculated by the financial aid office. For example, a freshman borrower has a Statutory Annual Combined Maximum Loan Amount of \$2,625. However, due to the receipt of other aid, the borrower is only eligible for a combined subsidized and unsubsidized loan total of \$1,500. The Loan Amount Approved for this student is \$1,000 for the subsidized loan and \$500 for the unsubsidized loan.

Loan Amount Requested—the loan amount recorded at the LOC for a specific loan based on the lower of the Loan Amount Approved by the school or the **Statutory Annual Combined Maximum Loan Amount**

~~Loan Amount Requested by the borrower on the MPN.~~

Accepted Promissory Note Amount—the lower of the **Loan Amount Approved** ~~amount entered by the borrower on the MPN (if any)~~ and the Statutory Annual Combined Maximum Loan Amount.

Master Promissory Note Identification Number (MPN ID)—the only identification number that prints on the MPN. This ID number is used by the LOC to link one subsidized loan and one unsubsidized loan back to the MPN.

MPN Process

Loan Origination

Loan Origination Records are submitted by the school to the LOC. The Loan Origination Record contains the Loan Amount Approved for a loan which is used in the MPN process. The receipt and acceptance process for Loan Origination Records has not changed from 1998-99.

Loan Origination Acknowledgment

Loan Origination Record is ~~for accepted~~ **accepted or rejected**, and ~~are~~ acknowledged to the school. ~~To~~ **To** assist a school and the LOC in the MPN process, new fields are added to the Full Loan Origination Acknowledgment **for informational purposes. For example, if the Loan Origination Record is accepted, the Loan Origination Acknowledgment contains the MPN Status. In addition, if the MPN Status indicates that a MPN is accepted at the LOC, the Accepted Promissory Note Amount, and MPN ID** ~~and the Loan Amount Requested are displayed.~~ -The record layout for these fields is in the Custom Layout Section 1. These fields are **defined earlier** ~~also explained later~~ in this Section 4.5.3.

Disclosure Statement

~~The receipt and acceptance process for Loan Origination Records has not changed from 1998-99.~~

Once a Subsidized or Unsubsidized Loan Origination Record is acknowledged to a school as accepted by the LOC, a disclosure statement is ~~sent~~simultaneously mailed to the student borrower at the student's permanent address. The Disclosure Statement provide the borrower with specific information about his/her loan types amounts, and anticipated disbursement dates. Previously this information appeared on the promissory note. The format and specifications for the Disclosure Statement are provided in the Custom System Requirements Section 3.

The LOC uses the information provide by the school in the Loan Origination Record to prints and mails a Disclosure Statement to all borrowers unless the school has been authorized to print and provide their own. IF the Loan Origination Record for a student's subsidized and unsubsidized loan is accepted by the LOC during the same processing cycle both loans print on the same Disclosure Statement. A Disclosure Statement must be printed for ALL accepted Direct Subsidized Loan and accepted Direct Unsubsidized Loan, by either the LOC or the school.

If your school wants to print the disclosures for your subsidized and unsubsidized loan borrowers, you must contact the Direct Loan Task Force, Jim Newell for approval. If your school is approved, Disclosure Statements can be requested from the LOC at 1-800-848-0978.

The LOC or the school is NOT required to keep copies of disclosures. Thus, it is not necessary to receive, or retain, proof of receipt of the disclosures from the borrowers. However, all borrowers must be provided with a Disclosure Statement prior to the school disbursing loan funds.

NOTE: If a school prints disclosures, the school must print ALL disclosures, and the LOC does not print any disclosures for the school.

Printing the MPN

A MPN is printed by either a school or by the LOC. Details on the design of the new MPN are provided in the Custom System Requirements Section. Once the student borrower signs the note, the MPN is forwarded to the LOC by either the borrower or the school. When the school forwards MPNs to the LOC, a paper Promissory Note Manifest is to accompany the batch of notes. This paper Promissory Note Manifest is used by the LOC to verify the batch.

As in the past, the school prints an MPN, based on the Loan Origination Record. No dollar amount is printed on the MPN and only one note is used for both subsidized and unsubsidized loans. A single loan ID is to be printed on the MPN and is to be one of the loans the MPN supports. It does not matter whether the loan ID is for the subsidized or the unsubsidized

loan. This single loan ID becomes the Master Promissory Note Identification for both the subsidized and unsubsidized loan linked with the MPN.

If the LOC prints promissory notes for the school, the first accepted Loan ID, either subsidized or unsubsidized, is printed on the MPN and becomes the MPN ID. As in the past, if the LOC is responsible for the collection of notes for a school, the MPN is mailed to the student to sign and return to the LOC. However, if the LOC prints notes for a school and the school is responsible for the collection of notes, the MPN is mailed to the school.

If the school prints notes and is responsible for the collection of notes, the school prints the MPN. Either the subsidized or unsubsidized Loan ID is printed on the MPN and becomes the MPN ID. School printing MPNs may want to print the first Loan ID entered into their Direct Loan System.

~~NOTE: Starting in 1999-2000, a school does NOT transmit an electronic Promissory Note Manifest. Therefore, Message Class DEPM00IN is eliminated for 1999-2000.~~ Master Promissory Note

The MPN is signed by the borrower and sent to the LOC by the school or the borrower.

NOTE: Starting in 1999-2000, a school does NOT transmit an electronic Promissory Note Manifest. Therefore, Message Class DEPM00IN is eliminated for 1999-2000.

~~Consistent with previous years, the borrower is provided the opportunity to request a loan amount on the MPN that is less than the eligibility calculated by a school. Because no loan amount prints on the MPN for the student to adjust, a new item (item #8) is included on the MPN. This item allows the student to enter a specific dollar amount. The hand entered amount (if any) is the borrower's requested amount for both the subsidized and unsubsidized loans for the first loan period under the MPN.~~

Promissory Note Acknowledgment

Upon processing a MPN, the LOC acknowledges the note to the school using the Promissory Note Acknowledgment, Message Class DIPA00OP for Batch Type #A for Option 1 and Option 2 schools or #D for Standard Origination schools. To assist schools in the MPN process, new fields have been added to the Promissory Note Acknowledgment. The record layout for these fields is in the Custom Layout Section 1. These fields, MPN ID, Accepted Promissory Note Amount and Requested Loan Amount are defined earlier ~~also explained later~~ in this Section 4.5.3.

Actual Disbursement Records/Acknowledgment

As in the current process, Actual Disbursement Records are transmitted to the LOC. A new edit validates that the sum of the actual disbursements for loans linked to a MPN does not exceed the

Accepted Promissory Note Amount on file at the LOC. If the Actual Disbursement Records between the Subsidized Loan and the Unsubsidized Loan linked to the MPN exceed the Accepted Promissory Note Amount, the Disbursement Record is rejected. A new Disbursement Reject Code informs a school that, based on the accepted disbursements on file at the LOC, the actual disbursement exceeds the accepted promissory note amount for these loans. As in the past, the LOC still edits to ensure that the actual disbursements do not exceed the Loan Amount Approved.

“Confirmation” is the act of a borrower declaring that the borrower authorizes the disbursement of funds under MPN processing. During 1999-2000, the Department will approve pilot schools to participate in various methods of borrower confirmation. All borrower confirmations are conducted by the schools. For schools in this pilot, the LOC edits disbursements based on an affirmation flag. A new field, Affirmation Flag is added to the Disbursement Record (DESD00IN). This flag is defined in the Custom Layout Section 1.

Change Records

A school can update a student’s eligibility (grade level, dependency, additional unsubsidized eligibility flags) for an accepted loan origination record by transmitting a change record to the LOC and documenting the reason for the change. The action in and of itself does not indicate that the student borrower is requesting additional loan funds.

Likewise, a school can update the loan amount approved for an accepted Loan Origination Record by transmitting a Change Record to the LOC and documenting the reason for the change. No new MPN is needed to disburse the increased Loan Amount Approved ~~unless the borrower entered an amount on the MPN that is less than his/her statutory Annual Combined Maximum Loan Amount. In this instance, an Updated MPN is necessary. Therefore, if the LOC prints promissory notes for the school, the school must also transmit a change record to the LOC requesting an Updated MPN be printed.~~

When a change record for the loan amount approved is accepted by the LOC and the loan is not booked at the LOC, the LOC re-generates a Disclosure Statement for the loan and mails it to the borrower. The Disclosure Statement is printed upon acceptance of a Change Record for a subsidized or unsubsidized loan.

Thus, the LOC or a school prints a subsequent Disclosure Statement for each accepted Loan Amount Approved Change Record when:

- Loan Amount Approved is increased, and the loan has not yet booked at the LOC;
or
- Loan Amount Approved is decreased, and the loan has not yet booked at the LOC.

Lifetime of the Master Promissory Note (MPN)

A MPN can be used up to 10 years from the first anticipated disbursement date on the first accepted Loan Origination Record for the MPN, at the time the MPN is accepted by the LOC.

The language on the MPN states that no subsequent loans will be made under the MPN after 12 months following the date of the first anticipated disbursement on the MPN, if no disbursement is made during the prior 12 month period. However, for operational purposes, in order to allow for the processing of transactions for program year closeout, the LOC will allow up to an 18 month period for the transactions associated with the accepted MPN to be processed.

If a borrower calls the LOC and requests that a MPN be marked inactive or canceled for any future disbursements, the Customer Service Representative directs the student borrower to contact his or her school to refuse or cancel any outstanding disbursements with the school.

When a New Loan ID and a New Master Promissory Note (MPN) Is Required

For 1999-2000, a new Loan ID and a new MPN is required when a student borrower:

- changes or transfers schools, OR
- starts a new borrower academic year (Borrower-Based Loans).

For 1999-2000, an Updated MPN is required when a student borrower has written in an amount in item #8 on the MPN and is now requesting additional funds.

For Example: A student enters an amount in item #8 on the MPN and later decides he or she wants to request an additional loan amount. A school takes the following steps.

- An Updated MPN must be printed, signed and sent to the LOC. (If the LOC prints promissory notes for your school, sent in a Change record to request a reprinted MPN.)
- A Change Record to increase the Loan Amount Approved on the existing loan is sent to the LOC.

Subsequent Loan Origination Records

It is possible that the MPN may be accepted by the LOC prior to the acceptance of a Loan Origination Record(s). The LOC links Loan Origination Records to the most recent LOC accepted MPN using the borrower's Social Security Number, the loan sequence number and your school code.

When a subsequent Loan Origination Record is processed and accepted by the LOC, the Loan Origination Acknowledgment contains the Master Promissory Note Status, the Accepted Promissory Note Amount, and the Master Promissory Note Identification, and Loan Amount Requested.

Note: These fields are provided for informational purposes only.

When a Loan Origination Record is received for a pending MPN (originally acknowledged as pending because there is no Loan Origination Record on file at the LOC), the Master Promissory Note Status returned on the Loan Origination Acknowledgment is “Accepted.” The pending MPN is re-acknowledged and the Promissory Note Acknowledgment provides the Master Promissory Note Status as “Accepted.”

Business Rule requirements:**Loan Origination Acknowledgment****(This record layout is in the Custom Record Layout Section 1.**

- **The Loan Origination Acknowledgment contains the following new fields:**
 - **Master Promissory Note Status,**
 - **Accepted Promissory Note Amount,**
 - **Master Promissory Note Identification, and**
 - **Loan Amount Requested (based on a borrower's altered amount on a MPN).**

Disclosure

- A disclosure is printed upon acceptance of a Subsidized and Unsubsidized Loan Origination Record.
- A subsequent disclosure is printed for Subsidized and Unsubsidized Loan Change Records, that increases or decreases the loan amount approved, when **the loan has not yet booked.**~~no actual disbursement has occurred.~~
- The LOC prints and mails all disclosures unless a school has requested and been authorized to print and provide their own disclosures. The borrower must be provided with the disclosure at or prior to the school disbursing loan funds.
- **Higher Education Act requires that the Disclosure Statement be provided to the borrower either prior to or at the time of the first disbursement. Refer to the Department's Dear Colleague Letter for further clarification.**
- If a school prints disclosures, the school must print and provide ALL disclosures, and the LOC does not print any disclosures for the school.
- The LOC and the school are NOT required to keep copies of the disclosures.

Printing of the Master Promissory Note (MPN)

- A **single loan ID** prints on the MPN and becomes the Master Promissory Note ID. The loan ID printed on the note is one of the loans supported by the MPN.

- No dollar amount is printed on the MPN.

~~—To process a MPN, the LOC uses the **Statutory Annual Combined Maximum Loan Amount** is printed on the MPN by the school or the LOC. The statutory Annual Combined Maximum Loan Amount is **based** the combined subsidized and unsubsidized loan eligibility for a borrower for the **first loan period** under the MPN. This amount takes into account **on** the student's college grade level, dependency status, and, if applicable, additional unsubsidized eligibility for HEAL or for a dependent student **as reflected in the Loan Origination Record.**~~

~~—**Note:** The Loan Amount Approved prints on the Disclosure Statement, NOT the MPN.~~

~~—If the printed statutory Annual Combined Maximum Loan Amount on the MPN does not agree with the Annual Combined Maximum Loan Amount established by the accepted Loan Origination Record on file at the LOC, the MPN is rejected.~~

~~—Promissory Reject Code 11—Loan amount on the promissory note is not appropriate for the grade level, dependency status, and additional unsubsidized eligibility for HEAL or a dependent student.~~

~~—A borrower **is provided the opportunity to request a loan amount on the MPN that is less than the eligibility calculated by the school. Item #8 allows a student to enter a specific dollar amount,** can alter **The hand entered amount (if any) is the borrower's requested amount for both the subsidized and unsubsidized loans for the first loan period under the MPN,** and initial the Annual Combined Maximum Loan Amount on the MPN and indicate a lower Annual Combined Loan Amount Requested for the first loan period.~~

~~The **hand written amount** Annual Combined Loan Amount Requested is accepted by the LOC only if it is lower than the **Statutory Annual Combined Maximum Loan Amount** originally printed amount. If the altered amount is higher than the **Statutory Annual Combined Maximum Loan Amount** printed amount or **is not initialed** by the borrower the MPN is rejected.~~

~~**When a borrower enters an amount in item #8, that amount is the borrower's maximum loan eligibility for the 1999-2000 Academic Year, even if the school calculated the borrower's elig**~~

must be completed.

Promissory Note Acknowledgment (This record layout is in the Custom Layout Section 1.)

- A MPN is acknowledged on the Stafford/PLUS Promissory Note Acknowledgment (DIPA00OP/Batch Type #A or #D).

- If both the Subsidized and Unsubsidized Loan Origination Records are accepted by the LOC at the time the MPN is processed, both loans are acknowledged on the Promissory Note Acknowledgment.
 - If one of the Loan Origination Records is accepted by the LOC at the time the MPN is processed, only one loan is acknowledged on the Promissory Note Acknowledgment.
 - If a The second loan type, with the same loan sequence number, is later accepted by the LOC, the subsequent receives the status of the MPN on the Loan Origination Acknowledgment informs the school that an accepted MPN is on file for that loan.
 - Three new fields are added to the Promissory Note Acknowledgment:
 - Accepted Promissory Note Amount,
 - Master Promissory Note Identification, and
 - Loan Amount Requested (~~Per Borrower Altered Promissory Note~~).
 - The **Accepted Promissory Note Amount** is the lower of the ~~amount entered by statutory Annual Combined Maximum Loan Amount printed on the MPN, or the Annual Combined Loan Amount Requested by the student borrower on the MPN (if any)~~ **Loan Amount Approved** and the **Statutory Annual Combined Maximum Loan Amount**. This is the maximum amount that may be disbursed to a borrower for the subsidized and unsubsidized loans associated **linked** to this MPN for 1999-2000.
 - The **Master Promissory Note Identification Number** is the **only** Loan Identifier printed on the MPN. The MPN ID is used to link a subsidized loan and an unsubsidized loan back to the MPN.
 - The **Loan Amount Requested** is the loan amount recorded at the LOC for a specific loan based on the lower of the Loan Amount Approved by the school or the Statutory Annual Combined Maximum Loan Amount
 - ~~Loan Amount Requested by the borrower on the MPN~~ the maximum amount specific to either the subsidized or unsubsidized loan that may be disbursed per a MPN. This amount is determined by the Annual Combined Loan Amount Requested by the borrower on the MPN.
- If ~~the borrower does~~ the amount on the MPN is NOT write an amount on the MPN, altered by the borrower, the Loan Amount Requested is equal to the Loan Amount Approved.
- ~~When defining the individual subsidized and unsubsidized Requested Loan Amounts, the LOC first reduces the Unsubsidized Loan Amount and then the _____ Subsidized Loan Amount.~~

~~Subsidized Requested Loan Amount + the Unsubsidized Requested Loan Amount = the Annual Combined Loan Amount Requested on the MPN.~~

~~Examples are provided at the end of this Section 4.5.3.~~

Subsequent Loan Origination Records

- If the Loan Amount Approved on a Loan Origination Record exceeds the Accepted Promissory Note Amount ~~from~~^{on} the MPN, to which it is associated, the Loan Origination Record is rejected.
- Loan Origination Reject Code 89—Loan Amount Approved exceeds the Accepted Promissory Note Amount at the LOC.
- The LOC links Loan Origination Records to the most recent LOC accepted MPN using the loan sequence number. The Master Promissory Note Status informs the school as to whether a MPN is on file for this Loan Origination Record.

~~—When a Loan Origination Record is received for a pending MPN (originally acknowledged as pending because there is no Loan Origination Record on file at the LOC):~~

~~—The Master Promissory Note Status on the Loan Origination Acknowledgment is “Pending.”~~

~~—The Promissory Note Acknowledgment indicates the Master Promissory Note Status as “Accepted.”~~

Loan Origination Acknowledgment

~~(This record layout is in the Custom Record Layout Section 1.~~

~~—The Loan Origination Acknowledgment contains the~~

~~—Master Promissory Note Status,~~

~~—Accepted Promissory Note Amount,~~

~~—Master Promissory Note Identification, and~~

~~—Loan Amount Requested (based on a borrower’s altered amount on a MPN).~~

Change Records

- ~~A Loan Amount Approved Change Record sent to the LOC for a loan linked to a MPN is~~
- ~~— edited against the Accepted Promissory Note Amount. If the combined total Loan Amount~~

Approved for the MPN exceeds the Accepted Promissory Note Amount, the Change Record is rejected with Change Reject Code 89—Loan Amount Approved exceeds the Accepted Promissory Note amount at the LOC.

Actual Disbursement Records

- Actual disbursements for a loan cannot exceed the Accepted Promissory Note Amount for the loan. If an actual disbursement exceeds the Accepted Promissory Note Amount the record is rejected with Disbursement Reject Code 25—Actual Disbursement exceeds the amount on the accepted promissory note at the LOC for this loan.
- Schools in the Confirmation Pilot performing borrower confirmation must indicate that confirmation has occurred on each Disbursement Record (Message Class DESD00OP/Batch Type #H), by placing a “Y” in Field 27—Affirmation Flag. “Y” indicates that this disbursement has been confirmed by the borrower at the school.
- Schools NOT participating in the Confirmation Pilot leave Field 27—Affirmation Flag on the Disbursement Record “blank.”

Lifetime of the Master Promissory Note (MPN)

- A MPN can be used for up to 10 years from the first anticipated disbursement date on the first accepted Loan Origination Record for the MPN, at the time the MPN is accepted by the LOC.
 - The language on the MPN states that no subsequent loans will be made under the MPN after 12 months following the date of the first anticipated disbursement on the MPN, if no disbursement is made during the prior 12 month period. However, for operational purposes, in order to allow for the processing of transactions for program year closeout, the LOC will allow up to an 18 month period for the transactions associated with the accepted MPN to be processed.

When A New Loan ID and A New Master Promissory Note (MPN) Is Required

- For 1999-2000, a new Loan ID and a new MPN is required when a student borrower:
 - changes or transfers schools, OR
 - starts a new borrower academic year (Borrower-Based Loans)

When An Updated Master Promissory Note (MPN) Is Required

For 1999-2000, an updated MPN is required when a student borrower has written in an amount in item #8 on the MPN and is now requesting additional funds.

changes either dependency status, student college grade level, or if additional unsubsidized eligibility for HEAL or for a dependent student become applicable, OR

the borrower altered the original printed amount on the MPN and is now requesting additional

funds.

Disclosure

The Disclosure Statement is printed upon acceptance of a Subsidized or Unsubsidized Loan Origination Record or the acceptance of a Change Record for a subsidized or unsubsidized loan, that increases or decreases the Loan Amount Approved when no actual disbursements have occurred. Thus, the LOC or a school prints a subsequent Disclosure Statement for each accepted Change Record when:

- Loan Amount Approved is increased, and no actual disbursements have been received by the LOC; or
- Loan Amount Approved is decreased, and no actual disbursements have been received by the LOC.

If your school wants to print the disclosures for your subsidized and unsubsidized loan borrowers, **you must contact the Direct Loan Task Force for approval. If your school is approved, Disclosure Statements can be requested from the LOC at 1-800-848-0978.** The LOC or the school is NOT required to keep copies of disclosures. Thus, it is not necessary to receive, or retain, proof of receipt of the disclosures from the borrowers. However, all borrowers must be provided with a Disclosure Statement prior to the school disbursing loan funds.

NOTE: If a school prints disclosures, the school must print ALL disclosures, and the LOC does not print any disclosures for the school.

Printing of the New Master Promissory Note (MPN)

A **single loan ID** is to be printed on the MPN and **is to be one of the loans the MPN supports. It does not matter whether the loan ID is for the subsidized or the unsubsidized loan.** The LOC and the Servicing Center use this single loan ID as the Master Promissory Note Identification for both the subsidized and unsubsidized loan associated with the MPN.

The MPN contains a dollar field called the “**maximum loan amount**” that is the statutory annual combined maximum loan limit. This amount is to be printed on the MPN by the school or the LOC, whichever is applicable. The dollar amount is the combined subsidized and unsubsidized annual maximum loan amount the student can borrow, based on the student’s college grade level, dependency status, and, if applicable, additional unsubsidized eligibility for HEAL or for a dependent student.

For Example: A school transmits two Loan Origination Records for a second year, independent student, a Subsidized Loan with a Loan Amount Approved of \$3,500 and an Unsubsidized Loan with a Loan Amount Approved of \$3,000. Both Loan Origination Records are accepted.

~~The MPN prints \$7,500 and NOT \$6,500 because the maximum subsidized loan limit is \$3500 and the maximum unsubsidized loan limit is \$4000.~~

~~The LOC edits the amount printed on the MPN. If this amount does not agree with the statutory annual combined maximum established by the accepted Loan Origination Record on file at the LOC, the MPN is rejected with Promissory Reject Code 11—Loan amount on the Master Promissory Note does not match the Loan Origination dependency status, grade level and if applicable, the additional unsubsidized eligibility for a dependent student and/or for HEAL.~~

Altering the Maximum Loan Amount

~~Only the borrower can alter the Annual Combined Maximum Loan Amount printed on the MPN, by indicating an Annual Combined Loan Amount Requested. This altered amount is the student borrower's combined annual loan amount requested for the first loan period under the MPN. The new altered amount is only accepted if it lowers the originally printed amount. If the altered amount is higher than the printed amount, the MPN is rejected.~~

~~When the altered amount is accepted by the LOC, the new Annual Combined Loan Requested Amount becomes the dollar amount that can be disbursed for the first loan period under this MPN. If a borrower later decides to request additional funds in excess of the Annual Combined Loan Requested Amount for 1999–2000, a new MPN must be completed.~~

Promissory Note Acknowledgment

The following chart demonstrates how a ~~A~~ MPN is acknowledged on the Stafford/PLUS Promissory Note Acknowledgment (DIPA00OP/Batch Type #A or #D).

IF ...	THEN ...
Subsidized loan is accepted by LOC AND Unsubsidized loan is accepted by LOC	Subsidized loan is on the Promissory Note Acknowledgment AND Unsubsidized loan is on the Promissory Note Acknowledgment
LOC has accepted Subsidized loan AND Unsubsidized loan NOT accepted by LOC	Subsidized loan is on the Promissory Note Acknowledgment

IF ...	THEN ...
Subsidized loan is NOT accepted by LOC AND LOC has accepted unsubsidized loan	Unsubsidized loan is on the Promissory Note Acknowledgment
Subsidized loan NOT accepted by LOC AND Unsubsidized loan NOT accepted by LOC	Promissory note is pending and acknowledged using the loan ID printed on the Master Promissory Note

~~Three new fields are added to the Promissory Note Acknowledgment to assist in the processing of MPNs. These fields are the Accepted Promissory Note Amount, the Master Promissory Note Identification, and the Loan Amount Requested (Per Borrower Altered Promissory Note), and are defined in the Promissory Note Acknowledgment Record Layout in the Custom Record Layout Section 4.~~

~~As defined earlier in the Business Rules, the **Accepted Promissory Note Amount** is the lower of the Annual Combined Maximum Loan Amount printed on the MPN, or the Annual Loan Amount Requested by the student borrower on the MPN. This is the maximum amount that may be disbursed to a borrower for the subsidized and unsubsidized loans associated to this MPN for 1999-2000.~~

~~**For Example:** A school transmits two Loan Origination Records for a first year, dependent student. A Subsidized Loan Origination Record is accepted with a Loan Amount Approved of \$1,000 and an Unsubsidized Loan Origination Record is accepted with a Loan Amount Approved of \$1,625. The MPN is printed for \$2,625.~~

~~The student borrower alters the amount to \$1,500. The MPN is accepted by the LOC with an Accepted Promissory Note Amount of \$1,500. \$1,500 is the maximum amount that may be disbursed to a borrower for the subsidized and unsubsidized loans associated to this MPN. The Loan Amount Approved may fluctuate between the subsidized and unsubsidized loans as long as the total amount disbursed for both loans does not exceed the Accepted Promissory Note Amount of \$1500. This Accepted Promissory Note Amount cannot be exceeded because this is the amount the borrower has requested to borrow as noted on the altered MPN.~~

~~The **Master Promissory Note Identification** is the Loan Identifier printed on the MPN. The Master Promissory Note ID is used to identify the subsidized loan and the unsubsidized loan associated with the MPN.~~

~~The **Loan Amount Requested** is the maximum amount specific to either the subsidized or unsubsidized loan that may be disbursed per a MPN. This amount is determined by the Annual Combined Loan Amount Requested by the borrower on the MPN.~~

If the amount on the MPN is NOT altered by the borrower, the Loan Amount Requested is equal to the Loan Amount Approved and is acknowledged as such.

When a student enters an amount in Item #8 on the MPN alters the Annual Combined Maximum Loan Amount on the MPN, the LOC stores a Loan Amount Requested on both the Subsidized and Unsubsidized Loan Origination Records associated to the MPN. When defining the individual Loan Amounts Requested for the purposes of providing a disclosure and editing the amounts disbursed, the LOC first reviews the Unsubsidized Loan Amount Approved and determines a reduced loan amount for the Unsubsidized Loan. Next, if appropriate, the LOC reviews the Subsidized Loan Amount Approved and determines a reduced loan amount for the Subsidized Loan. These reduced amounts are the Subsidized Requested Loan Amount and the Unsubsidized Requested Loan Amount, and are equal to the student entered borrower's altered amount on the MPN. Both Requested Loan Amounts are acknowledged on the Promissory Note Acknowledgment.

IMPORTANT

If the Accepted Promissory Note Amount acknowledged is lower than the Subsidized and the Unsubsidized Loan Amount Approved on file at your school, you should ~~to~~ update the Loan Amount Approved on both loans by transmitting Change Records to the LOC. Submitting these Change Records allows the LOC to perform accurate loan limit edits on the loans originated for this borrower as well as to assist in the appropriate drawdown and disbursement of funds to the borrower. These Change Records should update the Loan Amount Approved on both loans, to equal the MPN's Accepted Promissory Note Amount.

Note: The Accepted Promissory Note Amount is a combined total for both loans linked to the MPN. ~~The Loan Amount Requested is an amount for only one of the loans linked to the MPN.~~

Subsequent Loan Origination Records

~~It is possible that the MPN may be accepted by the LOC prior to the acceptance of a Loan Origination Record(s). The Loan Amount Approved on a Loan Origination Record cannot exceed the Accepted Promissory Note Amount on the MPN to which it is associated. The LOC links Loan Origination Records to the most recent LOC accepted MPN using the borrower's Social Security Number and your school code.~~

If the Loan Amount Approved on the Loan Origination Record exceeds the Accepted Promissory Note Amount, the record is rejected with Loan Origination Reject Code 89—Loan Amount Approved exceeds the Accepted Promissory Note Amount at the LOC.

When a subsequent Loan Origination Record is processed and accepted by the LOC, the Loan Origination Acknowledgment contains the **Master Promissory Note Status**, the **Accepted Promissory Note Amount**, the **Master Promissory Note Identification**, and **Loan Amount Requested** (based on a borrower's altered amount on a MPN). The **Master Promissory Note Status** informs the school as to whether a MPN is on file for this Loan Origination Record.

When a Loan Origination Record is received for a pending MPN (originally acknowledged as pending because there is no Loan Origination Record on file at the LOC), the Master Promissory Note Status returned on the Loan Origination Acknowledgment is "Pending." The pending MPN is re-acknowledged and the Promissory Note Acknowledgment provides the Master Promissory Note Status as "Accepted."

Example:

If a Loan Origination Record is associated with a pending Master Promissory Note, the **Loan Origination Acknowledgment** contains the following data:

- Master Promissory Note Status = X, Pending MPN at the LOC
- Accepted Promissory Note Amount = "Blank"
- Master Promissory Note Identification = "Blank"

Once the Loan Origination Record is accepted at the LOC, the pending Master Promissory Note is acknowledged as "accepted" to the school on the Promissory Note Acknowledgment.

The **Promissory Note Acknowledgment** contains the following data:

- Master Promissory Note Status = A, Accepted MPN at the LOC
- Accepted Promissory Note Amount = The lower of the Annual Combined Maximum Loan Amount printed on the MPN, or the Annual Combined Loan Amount Requested by the borrower on the MPN.
- Master Promissory Note Identification = Promissory Note ID on the MPN.

Loan Origination Acknowledgment

The Loan Origination Acknowledgment has four new fields based on the MPN. These new fields are the **Master Promissory Note Status**, **Accepted Master Promissory Note Amount**, **Master Promissory Note Identification**, and **Loan Amount Requested** (based on a borrower's altered amount on a MPN). These new fields are defined in the Loan Origination Acknowledgment Record Layout in the Custom Layouts Section 1.

When a subsidized or unsubsidized Loan Origination Record is received by the LOC, the acknowledgment contains the following data:

Loan Origination Acknowledgment

The following chart demonstrates the new MPN fields displayed on the Loan Origination Acknowledgment.

IF...	THEN...			
Master P-note Status at the LOC is ...	Master P-note Status	Accepted Promissory Note Amount	Master P-note Identification	Loan Amount Requested
Accepted Master P-note on file at the LOC	“A”— Accepted	Accepted Promissory Note Amount on file at the LOC.	9999999999S00X99999001 (21 characters)	Loan Amount Requested on file at the LOC.
Master P-note NOT on file at the LOC	“R”— Rejected	<u>Zero</u> Blank	Blank	<u>Loan Amount Requested on the Loan Origination Record.</u> Blank
Rejected Master P-note on file at the LOC	“R”— Rejected	<u>Zero</u> Blank	Blank	<u>Loan Amount Requested on the Loan Origination Record.</u> Blank
Pending Master P-note on file at the LOC	“X”— Pending	Blank	Blank	Blank

Change Records

A Subsidized or Unsubsidized Change Record sent to the LOC to update the Loan Amount Approved is edited against the Accepted Promissory Note Amount on the LOC database to ensure that the Combined Loan Amount Approved (subsidized and unsubsidized), does NOT exceed the Accepted Promissory Note Amount. If the Accepted Promissory Note Amount is exceeded, the Change Record is rejected with Change Reject Code 89—Loan Amount Approved exceeds the Accepted Promissory Note Amount at the LOC.

Example:

The LOC has on file the following:

Accepted MPN with an Accepted Promissory Note Amount equal to:	\$2,625
Accepted Subsidized Loan Origination Record with a Loan Amount Approved equal to:	\$1,000
Accepted Unsubsidized Loan Origination Record with a Loan Amount Approved equal to:	\$1,000
Combined Loan Amount Approved equal to:	\$2,000

Case 1— LOC receives a Change Record for the unsubsidized loan to change the Loan Amount Approved from \$1,000 to \$1,625. The new Combined Loan Amount Approved of \$2,625 = Accepted Promissory Note Amount of \$2,625. Thus, the Loan Amount Approved Change Record is “Accepted.”

Case 2— LOC receives a Change Record for the unsubsidized loan to change the Loan Amount Approved from \$1,000 to \$2,000. The new Combined Loan Amount Approved of \$3,000 exceeds the Accepted Promissory Note Amount of \$2,625. Thus, the Loan Amount Approved Change Record is “Rejected.”

Note: If the two loans linked to a MPN have a combined Loan Amount Approved equal to the Accepted Promissory Note Amount and the school needs to increase one of the loans, the school must first lower one loan associated with the MPN, and have the Change Record acknowledged as accepted before sending in a Change Record to increase the other loan’s Loan Amount Approved.

~~Lifetime of the Master Promissory Note (MPN)~~

~~A MPN can be used up to 10 years from the first anticipated disbursement date on the first accepted Loan Origination Record for the MPN, at the time the MPN is accepted by the LOC.~~

~~The language on the MPN states that no subsequent loans will be made under the MPN after 12 months following the date of the first anticipated disbursement on the MPN, if no disbursement is made during the prior 12 month period. However, for operational purposes, in order to allow for the processing of transactions for program year closeout, the LOC will allow up to an 18 month period for the transactions associated with the accepted MPN to be processed.~~

~~If a borrower calls the LOC and requests that a MPN be marked inactive or canceled for any future disbursements, the Customer Service Representative directs the student borrower to contact his or her school to refuse or cancel any outstanding disbursements with the school.~~

~~When a New Master Promissory Note (MPN) Is Required~~

~~For 1999–2000, a new MPN is required when a student borrower:~~

- ~~—changes or transfers schools, OR~~
- ~~—changes either dependency status, student college grade level, or if additional unsubsidized eligibility for HEAL or for a dependent student become applicable.~~

~~In addition in 1999–2000, if the borrower requests additional loan funds, higher than the Accepted Promissory Note Amount, a new MPN must be signed and forwarded to the LOC and a Change Record to increase the Loan Amount Approved must be submitted to the LOC.~~

~~For Example:~~ ~~A student alters a MPN and later decides he or she wants to borrow a dollar amount in excess of the Accepted Promissory Note Amount. A school takes the following steps.~~

- ~~—First, a new MPN must be created and accepted.~~
- ~~—Then, a Change Record to increase the Loan Amount Approved on the existing loan can be sent to the LOC.~~

~~Note:~~ ~~First, the new MPN must be processed and accepted. Then, the Change Record can be sent to the LOC. These activities must be sent to the LOC in this order or the Change Record rejects at the LOC.~~

EXAMPLE

Scenario 1: The following cases illustrate the acceptance or rejection of a Master Promissory Note.

Case 1: The ~~student does NOT alter~~ the printed statutory Annual Combined Maximum Loan Amount on the MPN and the Loan Origination Records have a Combined Loan Amount Approved that is **equal** to the statutory maximum.

Pre-printed Annual Combined Maximum Loan Amount	= \$7,500
Combined Loan Amount Approved	= \$7,500
—— Subsidized Loan Amount Approved	= \$3,500
—— Unsubsidized Loan Amount Approved	= \$4,000
Accepted Promissory Note Amount	= \$7,500
MPN is accepted based on the annual loan limit edit. Both the subsidized loan and the unsubsidized loan are acknowledged to the school as accepted on the Promissory Note Acknowledgment.	

Case 2: The ~~student does NOT alter~~ the printed statutory Annual Combined Maximum Loan Amount on the MPN and the Loan Origination Records have a Combined Loan Amount Approved that is **less** than the statutory maximum.

Preprinted Annual Combined Maximum Loan Amount	= \$7,500
Combined Loan Amount Approved	= \$3,000
—— Subsidized Loan Amount Approved	= \$1,000
—— Unsubsidized Loan Amount Approved	= \$2,000
Accepted Promissory Note Amount	= \$7,500
MPN is accepted based on the annual loan limit edit. Both the subsidized loan and the unsubsidized loan are acknowledged to the school as accepted on the Promissory Note Acknowledgment.	

Case 3: The student **does NOT alter** the printed statutory Annual Combined Maximum Loan Amount on the MPN and the Loan Origination Records have a Combined Loan Amount Approved that is **more** than the statutory maximum.

This case will NOT exist in 1999–2000 because accepted Loan Origination Records cannot exceed the Annual Maximum Loan Amount at the same school based on the loan origination loan limit edits.

Case 14: The student **enters** ~~crosses through the~~ statutory Annual Combined Maximum Loan Amount and decreases it to \$4,000 **in item # 8 on the MPN**. The Loan Origination Records have a Combined Loan Amount Approved that is **less** than the altered amount.

Statutory Preprinted Annual Combined Maximum Loan Amount	= \$7,500
Combined Loan Amount Approved	= \$3,000
Subsidized Loan Amount Approved	= \$1,000
Unsubsidized Loan Amount Approved	= \$2,000

Student Entered Altered Promissory Note Amount	= \$4,000
Accepted Promissory Note Amount	= \$4,000

\$4,000 is entered into the LOC database.

MPN is **accepted** ~~based on the annual loan limit edit~~. Both the subsidized loan and the unsubsidized loan are acknowledged to the school as accepted on the Promissory Note Acknowledgment.

Case 25: The student **enters** ~~crosses through the statutory Annual Combined Maximum Loan Amount and increases it to~~ \$9,000 **in item #8 on the MPN**. The Loan Origination Records have a Combined Loan Amount Approved that is **less** than the altered amount.

Statutory Pre-printed Annual Combined Maximum Loan Amount	= \$7,500
Combined Loan Amount Approved	= \$3,000
Subsidized Loan Amount Approved	= \$1,000
Unsubsidized Loan Amount Approved	= \$2,000
Student Entered Altered Promissory Note Amount	= \$9,000
MPN rejects based on the Statutory Annual Combined Maximum Loan Amount annual loan limit edit . Both the subsidized and unsubsidized loan are acknowledged to the school as rejected.	

Case 36: The student **enters** ~~crosses through the statutory Annual Combined Maximum Loan Amount and decreases it to~~ \$2,000 **in item #8 on the MPN**. The Loan Origination Records have a Combined Loan Amount Approved that is **greater** than the altered amount.

Statutory Pre-printed Annual Combined Maximum Loan Amount	= \$7,500
Combined Loan Amount Approved	= \$3,000
Subsidized Loan Amount Approved	= \$1,000
Unsubsidized Loan Amount Approved	= \$2,000
Student Entered Altered Promissory Note Amount	= \$2,000
MPN accepts based on the annual loan limit edit . Both the subsidized and unsubsidized loan are acknowledged to the school as accepted on the Promissory Note Acknowledgment.	

The following scenario illustrates the acceptance of the Master Promissory Note and the Loan Amount Requested (subsidized and unsubsidized) provide on the Promissory Note Acknowledgment when the Combined Loan Amount Approved **equals** the statutory annual combined maximum loan amount. Remember, both the subsidized and the unsubsidized loan is acknowledged on the Promissory Note Acknowledgment.

Scenario 2: A school has originated a subsidized loan and an unsubsidized loan for a first year, dependent student. The Combined Loan Amount Approved **equals** the statutory Annual Combined Maximum Loan Amount.

<u>Statutory</u> Pre-printed Annual Combined Maximum Loan Amount	= \$2,625
Accepted Loan Amount Approved <u>on the Accepted Loan Origination Record</u> for the Subsidized Loan	= \$ 625
Accepted Loan Amount Approved <u>on the Accepted Loan Origination Record</u> for the Unsubsidized Loan	= \$2,000

Case 1: The student **does NOT** enter an amount in item #8 on the MPN~~alter the statutory Annual Combined Maximum Loan Amount (\$2,625)~~:

Accepted Promissory Note Amount	= \$2,625
Subsidized Loan Amount Requested	= \$ 625
Unsubsidized Loan Amount Requested	= \$2,000
Combined Loan Approved Amount	= \$2,625

Case 2: The student enters~~crosses through the statutory Annual Combined Maximum Loan Amount (\$2,625) and decreases it to~~ \$1,000 in item #8 on the MPN:

Accepted Promissory Note Amount	= \$1,000
Subsidized Loan Amount Requested	= \$ 625
Unsubsidized Loan Amount Requested	= \$ 375
Combined Loan Approved Amounts	= \$2,625 <u>\$1,000</u>

Note: It is suggested that the school send Change Records to the LOC to update the subsidized and unsubsidized Loan Amount Approved to equal the Loan Amount Requested.

Case 3: The student enters~~crosses through the statutory Annual Combined Maximum Loan Amount (\$2,625) and decreases it to~~ \$500 in item #8 on the MPN:

Accepted Promissory Note Amount	= \$ 500
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Subsidized Loan Amount Requested = \$ 500

Unsubsidized Loan Amount Requested = \$ 0

Combined Loan Approved Amounts = \$2,625

Note: It is suggested that the school send Change Records to the LOC to update the subsidized and unsubsidized Loan Amount Approved to equal the Loan Amount Requested.

The following scenario illustrates the acceptance of the Master Promissory Note and the Loan Amount Requested (subsidized and unsubsidized) provided d on the Promissory Note Acknowledgment when the Combined Loan Amount Approved **does NOT equal** the ~~s~~Statutory Annual Combined Maximum Loan Amount. Remember, both the subsidized and the unsubsidized loan is acknowledged on the Promissory Note Acknowledgment.

Scenario 3: A school has originated a subsidized loan and an unsubsidized loan for a first year, dependent student. The Combined Loan Amount Approved does **NOT** equal the Statutory Annual Combined Maximum Loan Amount.

<u>Statutory</u> Pre-printed Annual Combined Maximum Loan Amount	= \$2,625
Accepted Loan Amount Approved <u>on the Accepted Loan Origination Record</u> for the Subsidized Loan	= \$ 625
Accepted Loan Amount Approved <u>on the Accepted Loan Origination Record</u> for the Unsubsidized Loan	= \$1,000

Case 1: The student **does not** enter an amount in item #8 on the MPN; ~~alter the statutory Annual Combined Maximum Loan Amount (\$2,625):~~

Accepted Promissory Note Amount	= \$2,625
Subsidized Loan Amount Requested	= \$ 625
Unsubsidized Loan Amount Requested	= \$1,000
Combined Loan Approved Amounts	= \$1,625

Case 2: The student enters ~~crosses through the statutory Annual Combined Maximum Loan Amount (\$2,625) and decreases it to~~ \$1,000 in item #8 on the MPN:

Accepted Promissory Note Amount	= \$1,000
Subsidized Loan Amount Requested	= \$ 625
Unsubsidized Loan Amount Requested	= \$ 375
Combined Loan Approved Amount	= \$1,625

Note: It is suggested that the school send Change Records to the LOC to update the subsidized and unsubsidized Loan Amount Approved to equal the Loan Amount Requested.

Case 3: The student ~~crosses through the statutory Annual Combined Maximum Loan Amount (\$2,625) and decreases it to~~ enters \$2,000 in item #8 on the MPN:

Accepted Promissory Note Amount	= \$2,000
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Subsidized Loan Amount Requested = \$ 625

Unsubsidized Loan Amount Requested = \$1,~~375~~000

Combined Loan Approved Amount = \$1,625

Note: The LOC accepts disbursements for the lower of the Loan Amount Approved or the Loan Amount Requested. School could later adjust the Loan Amount Approved up to \$2,000 and is NOT required to submit a new MPN.

4.5.4 Redesign the PLUS Promissory Note to Improve Accuracy of Optical Character Reader (OCR)

1999-2000 Modification: Redesign the PLUS Promissory Note to improve accuracy of optical character reading, and to improve printing alignment.

Upon implementation, this modification affects only 1999-2000.

The PLUS Promissory Note is redesigned to allow the maximum amount of white space around the required OCR fields—loan identification number, Social Security number, and loan amount.

In addition, the fields are repositioned to allow for printing in data block formation. This printing block contains all the questions which must be pre-printed by a school. This large open box allows the schools to print the data label, as well as the data, and reduces printing alignment problems. The PLUS Promissory Note specifications are in the Custom System Requirement Section 3.

Business Rules:

- The 1999-2000 PLUS Promissory Note has a large blank print data block area to assist a school in handling printer alignment problems.
- A school prints all labels and data for each item currently printed by a school in this box.
- PLUS Promissory Note specifications are in the Custom System Requirement Section 3.
- The PLUS Promissory Note preprints all labels for data that requires handwritten information.
- PLUS Promissory Notes can be ordered from the LOC:
 - preprinted with data labels, OR
 - blank with the print data block